

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

Beyond One-Year Returns: Rethinking How We Choose Asset Classes and Mutual Funds!



Consider the following scenarios:

Silver has given a return of 85.9%^ in the last one year and there is a heightened demand for Silver ETFs (Exchange Traded Funds) and Fund of Funds.

Information Technology was among the poor performing sectors in the last 1 year (1 year return of Nifty IT index was -11.2% as of November 30, 2025) owing to which investors are preferring to stay away from this sector. In contrast, the IT Boom that began in the late 1990s had led to further buying of mutual funds with higher exposure to IT stocks.

The surge in markets post the first wave of COVID 19 pandemic led to the creation of many new demat accounts (Increase in number of Investor accounts based on data available on NSDL).

All of these are examples of investors either flocking to recently good performing assets or fleeing the recently underperforming ones. In other words, investors are strongly influenced by Recency Bias. The performance table of the best performing funds' / asset classes' "one year column" does tend to get significant interest from investors.



About recency bias

Recency Bias is a behavioural phenomenon whereby one gives more importance to recent events or information, while overlooking long-term historical performance data. This is based on the human tendency to recall recent events quicker compared to events that occurred in the past.

[^]Source: Bloomberg, Data as on November 28, 2025. Silver prices in INR do not include any customs duties, local taxes etc.

^{*}CAGR: Compounded Annualized Growth Rate. Silver price in INR per gram is considered for calculation of return.

Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.

How can giving in to recency bias impact individuals?

- ✓ Performances of asset classes, mutual fund categories and even schemes tend to go through cycles. Buying them after their recent outperformance may be counterproductive. Investors may be buying expensive asset classes while ignoring the ones that have the potential to make a comeback.
- ✓ Investing only in asset classes that have performed well in the immediate short term may result in overlooking their long-term risk and return characteristics.
- ✓ Investment decisions based solely on the trends in the market may not be able to meet an investor's long term goals such as retirement, children's education, etc.



Why long term track record is important?

- ✓ To begin with, one must remember that a strong track record over say, 25 years, means a particular fund has successfully sailed through good and bad times, multiple market cycles, geo political events and crisis periods like the Dot Com Event, the Global Financial Crisis and the recent Covid induced volatility.
- ✓ A successful long term track record is also a testimony of the 4 Ps - investment team's robust Processes, risk management Policies, a stable set of People and a sound investment Philosophy at the core. It is these 4 Ps that enable a Fund Manager through tough times in reducing the possibility of emotional decision making. It is important to note that these 4 Ps are common for a fund house and not just a particular scheme.
- ✓ Hence, experience matters and it would be advisable to choose a scheme managed by a fund house with long term track record. When your financial goals are long term in nature, consider selecting mutual funds based on long term track record. Here long term would signify 20 or 25 years.

What can investors do?



Opt for a goals-based approach

Make the most of mental accounting to help you create wealth! To know more about this topic, [click here](#).



Follow asset allocation

Performance of asset classes tends to be cyclical, it is important to have an optimal mix in one's portfolio to better manage the portfolio's risk and return characteristics.



SIPs

Automate your decision-making. You are taking recency bias out of the equation!



Consult a professional investment advisor

Like a doctor or a fitness coach can help you with your needs, choosing an investment expert to guide you may be a wise decision.

How Wealth Creation happened with HDFC Flexi Cap Fund -An Illustration

You started a monthly SIP of ₹10,000 on the first business day of each month in **HDFC Flexi Cap Fund** since inception (Scheme Inception Date: January 1, 1995), your corpus would have grown to ~₹22.80 crore* with an investment amount of ₹37.10 lakh*. Corpus and investment amount are as on November 30, 2025 for an investment period of more than 30 years.

*Data as on November 30, 2025. **Past performance may or may not be sustained in future and is not a guarantee of any future returns. HDFC AMC/HDFC MF is not guaranteeing any returns on investment in the schemes.** The above returns are of regular plan - growth option. In view of the individual circumstances and risk profile, each investor is advised to consult his / her professional advisor before making a decision to invest in the Scheme. Historical performance indications and financial market scenarios are not reliable indicators of current or future performance. For complete performance in SEBI prescribed format, please refer page 5.



**Happy New Year and
Happy Investing!**

HDFC Flexi Cap Fund

A. SIP Performance - Regular Plan - Growth Option

	Since Inception*	15 year SIP	10 year SIP	5 year SIP	3 year SIP	1 year SIP
Total Amount Invested (₹ in lacs)	37.10	18.00	12.00	6.00	3.60	1.20
Market Value as on November 30, 2025 (₹ in lacs)	2,280.28	72.94	32.60	10.27	4.84	1.30
Returns (%)	20.96	16.93	19.00	21.69	20.23	16.43
Benchmark Returns (%)#	15.11	14.89	15.87	15.66	15.35	15.12
Additional Benchmark Returns (%)##	13.91	13.82	14.80	14.05	14.20	17.22

Assuming ₹10,000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan - Growth Option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. SIP - Systematic Investment Plan.

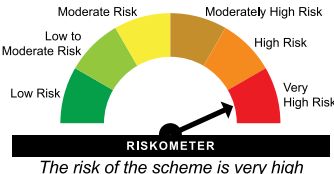
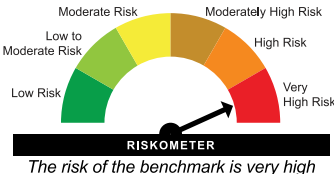
B. Performance - Regular Plan - Growth Option

NAV as on November 30, 2025. ₹2,078.812 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	10.36	6.56	9.94	11,033	10,654	10,991
Last 3 Years	20.72	15.60	13.10	17,583	15,441	14,461
Last 5 Years	26.04	18.61	16.46	31,843	23,499	21,446
Last 10 Years	16.41	14.87	14.08	45,719	40,013	37,349
Since Inception*	18.83	12.50	11.80	2,078,812	381,994	315,388

Common notes for the above table A & B: Past performance may or may not be sustained in future and is not a guarantee of any future returns.*Since Inception date:- January 1, 1995. #NIFTY 500 Index (TRI) ##Nifty 50 Index (TRI). The scheme is managed by Ms. Roshi Jain since July 29, 2022 (Mr Chirag Setalvad, w.e.f. December 08, 2025). Returns greater than 1 year period are compounded annualized (CAGR). As NIFTY 50 TRI data is not available since inception of the scheme, additional benchmark performance is calculated using composite CAGR of NIFTY 50 PRI values from January 1, 1995 to June 29, 1999 and TRI values since June 30, 1999. Different plans viz. Regular Plan and Direct Plan have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged in the Regular Plan. Load is not taken into consideration for computation of performance. Returns as on November 30, 2025.

For performance of other funds managed by fund manager, Please [click here](#).

<p>HDFC Flexi Cap Fund (An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks.) is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> To generate long-term capital appreciation / income Investment predominantly in equity & equity related instruments 	<p>Riskometer #</p>  <p>The risk of the scheme is very high</p>	<p>Name of the Benchmark and Riskometer</p> <p>NIFTY 500 Index (TRI)</p>  <p>The risk of the benchmark is very high</p>
<p>*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them. #For latest Riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com Scheme and Benchmark Riskometer as on November 30, 2025.</p>		

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world